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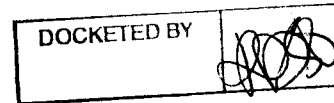
Mail Station 9708
PO Box 53999
Phoenix, Arizona 85072-3999

January 2, 2008

Arizona Corporation Commission
DOCKETED

JAN _2 2008

Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007



RE: PALO VERDE OUTAGE REPORT
DECISION NO. 69663
DOCKET NO. E-01345A-05-0816, E-01345A-05-0826, E-01345A-05-0827

Dear Sir or Madame:

Pursuant to Decision No. 69663, enclosed please find an Outage Report for planned or unplanned outages at the Palo Verde Nuclear Generating Station.

If you have any questions, please call Jeff Johnson at 602-250-2661.

Sincerely,

Barbara Klemstine

BK/bgs

cc: Brian Bozzo
Ernest Johnson

OUTAGE REPORT
PALO VERDE NUCLEAR GENERATING STATION (PVNGS)
PURSUANT TO DECISION NO. 69663

PVNGS Unit 1 was manually shut down on October 22, 2007. The unit was required to be off-line to slope the steam supply bypass lines to the turbine-driven Auxiliary Feedwater Pump. The slope of the piping was adjusted and modifications were performed to add isolation valves in this steam line. Unit 1 was returned to service on November 3, 2007.

Replacement net fuel and purchased power costs incurred as a result of this outage were \$6.1 million. Off-system sales were reduced by 41,906 MWs, with an associated lost opportunity sales margin of \$198,870.